

COMSAT ORAL HISTORY PROJECT

Interview with Allen Throop

Interview conducted by Thomas Maxwell Safely

Interview - Allen Throop
His Home
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TMS: Why don't we begin, then, the way I usually begin this, which is relating when and in what capacity you were most closely associated with COMSAT? Kind of to orient our listeners.

AT: Perhaps I should also indicate how I came to have the job I had, which goes back a little to my own background. Over the period beginning in 1945 or '46, following the completion of a 5-year reorganization of the old Associated Gas and Electric Company system, under the aegis of the U. S. District Court for Southern District--in what was then Chapter 10--[this was a] proceeding in which I was General Counsel for the Trustees of the corporation. I had done a good deal of work in the Corporation Banking and Business Loss Section of the American Bar Association. I was Chairman of the Committee on Federal Regulation of Securities. In that connection, one of the men whom I came to work with quite closely, was a man whom [sic] I had initially hired when he got out of Yale Law School. When I hired him it was to join the staff of the Associated Gas; he was Sam Harris, an outstanding young lawyer of that time. He came to the Associated staff in 1941 or '42. Sam, when the war

[WWII] came, left us but I recognized his ability and unusual personal charm in the short time that he was with the Associated Gas legal group--of which were about thirty-five members that I had put together. Sam went into the service when the war came and really went underground, because he was in intelligence work for the Army. But later, he became a partner in the firm, which now includes his name, Freed, Frank, etc.--one of the big firms downtown. The Associated Gas proceeding was terminated. I was invited to join Sherman and Sterling as a partner, partly because some of its then members were old associates going back to the firm of Cotton and Franklin where I went when I first left law school. In that connection, Sam Harris and I came to become quite close friends and worked together in the Bar Association, in the activities but particularly the securities regulation phase. In fact, Sam followed me as Chairman of the Committee. At about that time, the Satellite Act was being passed, with Kennedy appointing the initial Incorporators; I think there were fifteen. There was no Board, of course. In fact, there was no money. To digress just a bit, I never could get over the fact that the Congress was setting up, with approval of the President, a corporation which was to do fantastic things, but for which not a penny of government money was provided or any other money--even as a temporary loan--with the result that here you had a corporation set up to do all these marvelous things and it was really

insolvent at the outset. Everybody knew it and told them. That was just one of what we call the risks of the venture: in the prospectus of which there were twelve or thirteen, fourteen [known risks]. I think we had thirteen in the SEC filed one more which made fourteen, all spelled out. It scared the hell out of anybody who had any sense, but that was the idea. Sometimes the more speculative you make something, the more attractive it is--as many stock salesmen realize. I am digressing, but, Sam was one of the Incorporators, as you probably know, and if he were here today, he could give you more enlightenment as to that period than anyone on earth probably--except possibly Lloyd Cutler, whom you may have talked with. Sam was Vice Chairman of the Incorporators and Phil Graham was Chairman. This was all public knowledge, well some of I don't suppose was--namely the fact that Phil Graham, who had been a phenomenal character, I think he had been head of the Harvard Law Review and was a lawyer. I guess he was then in the Washington Post position, probably head of it. He married, I believe, the daughter of Eugene Meyer who had had the [Washington] Post in the early days--Mrs. Graham, Katherine Graham. While I don't know that I ever met Phil Graham, but I know from Harris that they were having (and this, I guess was no secret) problems with Mr. Graham. I gathered they were partly alcoholic or they might have been psychological, I don't know. I never went into that except, I know that Mr.

Harris....[it] had fallen on him really--the mantel--of carrying on, because he was thoroughly capable and dedicated and he had been active in the Kennedy campaign. So, it was perfectly natural that this being a prime subject of interest--COMSAT and what it was going to do and how it was being set up--and somewhat confidentially Sam told me of some of his problems. He indicated, among other things, they were setting up their....I didn't know who they were....but the first, at least, is officers and they were looking around for [candidates]. They had to set a legal staff and so on. Of course, they had yet no money, this was a year before we went public. Well, this was all very interesting to me, partly because while I was very happy with my firm, I had been a partner for almost twenty years--and a wonderful group of associates being partners--but on the other hand, my boys were through college, hopefully self-sustaining, and I was commuting every day from Scarsdale, three hours or so. I had enjoyed the financial law practice downtown, but it was pretty strenuous. I decided that I did not want to do this all the rest of my life and, more or less jocularly, when Sam and I were having lunch he had mentioned there were....I think they had by that time, the Incorporators had picked Mr. [Leo] Welch and probably [Dr. Joseph] Charyk and he said, "We are trying to find a General Counsel," and I said, "Are you really looking for one?" and I said, "Well, you might think of me." I didn't press it. I was

more or less joking. And he said, "Do you really mean it?" I said, "Well I don't know, but it's terribly interesting. Well, I've got to do something. I am almost sixty-five." While there was no mandate, in fact, we have people on the firm much older than that, it's a pretty strenuous operation--mostly bond financing for stocks and mergers. Well, that was really the origin of his interest and my interest in COMSAT. Whether that's too personal for the record, I don't know.

TMS: No, not at all.

AT: It sort of leads to....the matter of it was that he [Sam Harris], of course, really got interested. I guess he must have interested Leo Welch and so on, it was decided at least they'd like to talk with me. I came down one morning. I would've been on an early shuttle if they had them (I have forgotten if they had them--I guess they didn't in those days). At any rate, I met with Mr. Welch and Dr. Charyk and I was somewhat amazed at the brevity of the interview with both of them. The matter of it was that, I guess, Mr. Harris had sold them a bill of goods. So, the task, opportunity, I should say, was offered to me almost on the spot, as I recall it. It was, "When do you start?" Well, that was how I got in COMSAT. But, it also carried through in the sense that if any history is written of COMSAT I think the record of that time--and I am

sure some of the present Incorporators who were then Incorporators, of whom Bruce Sundlun is one certainly, maybe about the only one, but some of the others are around (Jack Conners maybe)--would recognize that Sam Harris was really one of the unsung heroes, or leaders, or persons responsible for whatever initial success COMSAT had. The world knows that, for reasons that no one knows, oh, I guess three years ago, Sam, who by that time had become head of the Freed, Frank firm in New York with a Washington office, jumped out of his apartment window and committed suicide. So, he is not available to tell his own story and I think....

TMS: It sounds like a story worth hearing.

AT: Well, Joe Charyk, I'm sure would recognize this [Sam Harris' importance in the development of COMSAT]. I don't know whether he has ever mentioned Sam to you; he's a terribly important character. All that's a terribly long-winded background but, perhaps it gives you the background of how I got into COMSAT and what I thought of its initial program. Now, where do you want to go from there?

TMS: Well, you were brought on then, in '63 as General Counsel and you stayed until '66, as I recall.

AT:the end of '66. Actually a few months after that [I

remained] Acting [General Counsel] because they hadn't--while they knew this was coming--they hadn't pick a successor. So I was Acting [General Counsel] for two or three months.

TMS: I was wondering if you might want to reflect on your experience as General Counsel and talk a little bit about what the particular legal problems were that faced COMSAT in the early going--I mean there were probably a multitude of them--financial through the drawing of Articles of Incorporation, to regulatory matters, so on and so on?

AT: Well, I think there one should recognize that, by the time I got here, COMSAT had been Incorporated; it had Articles of Corporation, it had by-laws. That was because during the period when there were....and I suppose if you go back to the chronology (we could go back to it if you want to take the time but there was....I forgotten just when the law became effective....but there were....you see the Act was passed, I believe in '62. I came down in '63 in May or June, I think June probably. So you had almost a year (it seemed a long time, it probably wasn't that long) but during which, thanks to Lloyd Cutler and his firm, COMSAT had been incorporated with a hundred dollars from each of the Incorporators who were tabbed for that amount and so that was its capital--its equity capital. I think they had fourteen hundred dollars and a

commitment, as the fellow described it in the prospectus (which if you haven't read....I am sure you've read it by this time)....[lost thought] [It includes] a great deal of priceless information and a lot I suppose is worthless but, at any rate, it's all there. That had been done and in that operation, there was one young lawyer whom [sic] had come down from, I believe from, Lloyd Cutler's old firm in New York--Cravath, Swaine, and Moore--one of the ablest there in corporate matters and [his name was] David Melamed and David was already a member of the staff, I have forgotten whether he had the title of the secretary or not, if not, he came to have it.

TMS: It came listed as Secretary in the first Annual Report.

AT: Yes, I have looked for my copy. That didn't come out of course until probably '65, did it?

TMS: '64, actually.

AT: Probably, the end of '64 because the [stock] offering, the [stock] offering was in '64. So, in a way that work had been done, so that was not a task of mine, except I benefited from it and had to go on from there. I was thinking about this the other day, I suppose looking back on it, there were sort of

these areas that I found in front of me. One, of course, is the task of getting a staff together, this was a little peculiar because we did not know how much money we were going to have or when we would get it; [money] that we could call our own. So, I suppose I just had to spend a great deal time and not only....well, I had a stack of applicants of course, every young and some old lawyers in town--anyone who had anything to do with communications--thought COMSAT was a golden opportunity. So, there was a good deal winnowing through a great many applications and communications and interviews and visualizing the kind of set-up of a legal organization that might be ultimately required, perhaps not immediately. There were two things really that were sort of basic: one, giving some thought to the organization which the legal department would take if and when we were in operation; and all this was down the road, most of it quite a way. We didn't have the need for some of this until later. But also, at least, not only hiring people or knowing who might be available, if and when we could make use of them, but, sort of giving some thought to what were the areas of responsibility within so far as the General Counsel's Office was concerned. Of course, the obvious one initially was corporate operation. That was pretty simple, until we had some money. So that carried with it a program of financing, in some fashion. No one knew quite what form it would take. But, at least, the obtaining of capital was

obviously a paramount matter in which the General Counsel's Office would play an important part; certainly not the sole part, because we had the financial people as well.

But, that was one part. Then, there was an immediate task which I think, was almost overlooked outside, but it represented a good deal of discussion with the FCC and that was the procurement problem. Not a big item at the time, but among other things the Act had said that purchases would have to be....(unfortunately, I didn't set the Act before me). But, in substance, procurement by COMSAT was subject to regulation by the FCC. There were no rules. So that meant a procurement group and actually, initially Lew Meyer and I spent a great deal of time on the rules that worked out with FCC on procurement; there was a procurement problem. There was obviously, going to be the set-up of FCC regulation, not only with procurement, but with rates, and acquisitions, and other matters that were provided for in the Act.

So, that was an area and, I think, one of the men who came in at that time and [who] could give you a great deal (perhaps has already done it) but, if you want to go into the early regulatory problems of COMSAT with the FCC, the man to talk with is Larry DeVore, who is still there; one of my....If I take any credit for whatever COMSAT did, he is one of them, as the rest of the staff: Phil Berman, Bill English. I always felt that if I contributed anything, it was providing COMSAT

with a staff, which at the out-set certainly could stand up to any legal group. They were largely younger lawyers. After many years of working with lawyers. I think, I would rather start with younger ones than older ones.

So, that was the regulatory [area] and then there were the international area which was a little vague, at the time, as to just what the, you might say, the relationship between the General Counsel's Office and the international program would be. Actually, Mr. [Leo] Welch, was never very....he kept saying that he was going to set up an international group but almost never got around to it, until I had selected and worked out with John Johnson, who was then General Council for (I don't know if you've talked to him or not) for NASA....John was a marvelous fellow and able, of course, he is....so, I had thought he would be an ideal as a backup to me as Assistant General Counsel and I had just about worked that out when Mr. Welch called me--I still remember, on a Sunday afternoon--from Berryville. Well, I just had an wonderful idea for the international group at COMSAT. Johnny Johnson is just the fellow I need. I spent hours with Johnny working out details, so then I had to start over. But, that sort of cleared the air, in a way. Before that happened, Ed Istvan and I had worked a lot on the--he was not in the legal department but was very knowledgeable--and we worked a good deal on drafts of international agreements that ultimately led to the INTELSAT

set up. So there was that area.

Then, although it was not immediate, I recognized that we were going to get into the tax field. So we did get Bruce Lane, in due course, who was a top flight tax lawyer from Ohio. He'd been a younger lawyer; he wanted to come back to Washington. I don't know now how I got in touch with him.

Ultimately, we recognized that we had a patent problem, but we went outside of....we still had [inaudible]. We had some insurance, and those things came along. But I would say that those were the areas: finance, corporate caretaking--in which David Malamed really carried the ball during the time I was there. I think he left after I left--or he may have left before--and went into practice for himself here. I think he is back in New York now. He's a very successful young lawyer up there; not younger anymore. Then we had the international area, we had procurement, we had contemplated FCC regulation, and we had--this was within the FCC area--what we then described as the authorized user problem, which if you go through the minutes and records of the early days, you'll appreciate. That was a very troublesome problem, partly because the statute said that COMSAT could provide service to carriers and authorized users, and no one ever knew who they were. Obviously, with half of our stock held by, and half our elected Directors coming from carriers--and three of them from AT&T--there was a desire on their part, understandably, that

that phrase should be interpreted very narrowly and the authorized users shouldn't get beyond the carriers and possibly the government. Well, that was another area, at the time. We did quite a bit of work with the, initially with the Defense Department, looking toward at least the temporary utilization by the Army of satellite service through COMSAT. I guess it didn't last very long, but initially....so, that was, you might say, a part of the FCC regulatory problem. [It] continued and came up again. So, I don't [know whether]....maybe you want to go off the record or not tell me what more you want me to describe.

TMS: I think we can just let it roll. Would you care to, you know, you have listed a number of areas that were of particular concern to you as General Counsel, in the early years, starting up COMSAT. Would you care to go back and take anyone of them or more of them, whichever strike you as most important or most memorable, and give a little detail about how the corporation dealt with these particular problems?

AT: Well, I suppose....I thought a little about that. I suppose from--not from a legal standpoint, which affected it--but from a practical standpoint, the two basic questions with which the initial Directors, who are the Incorporators, as you know, and had not been elected, because we had a year of

operation from '63 until June '64 (or really a little later than that, because we didn't get our--I have forgotten when the first stockholders meeting came--but, certainly not before the latter part of '64). There were two very closely related questions: one--and this is a sort of thing Mr. [Sidney] Metzger can enlighten you on far better than I, although I came to understand the problem, I thought--namely, what type of satellite system should there be; the so-called random [orbit] or the synchronous [orbit]? The history having been, you might say, in support of the--what did they call the first AT&T satellite--the TELSTAR type, in which the satellite was at a distance of about seven thousand miles from the earth and rotated--it didn't rotate--it circulated around it. It went around in orbit and you needed three of them to provide a continuous communication. As one neared the horizon on the West, another would show up in the East. They said it would be possible to shift all the circuitry from one to the next and so on and so on. It was recognized that would work. It had worked with TELSTAR. They had even transmitted, if you recall, a television picture. So that was one alternative and the other was the synchronous which was adopted ultimately, but it took a lot of pain and suffering to do and to study. So, that the Board would frequently....almost every meeting Mr. Meyer would have prepared extensive charts, projections [of] what the costs would be of this; the launch cost, of satellite costs,

and so on and so on and so on. And the [costs of the] alternatives [were discussed also]. Since it had not been decided....I am not sure now, because I have [inaudible] to look further. I don't think that had been decided at the same time it went to the public; which system we would go for. But that raised a question which was debated at length by the members of the Board, as the minutes would show. And that was whether....although good minutes never show too much. I state the conclusion and that's the way it should be. People can talk more freely under those circumstances. But, in fact, there was a....I think even when the synchronous system was decided upon and before we went to the public, there was considerable question as to whether we should go for broke for a big amount of capital, or go in two steps and there was....[lost thought]. The two-step advocate, I still recall, was Mr. Conners--Conners I believe (of course, you know Jack Conners). He was very, very vehement that we should make a twenty-five million offering and have some funds to start and then finance the balance, either with additional stock or borrowing or both. Actually, there was a school of thought down at the FCC, I think [that agreed with this view]. I can't think of his name, the fellow who was in head of the communications section. There was some strong feeling down there [at the FCC that] we should do much more financing by debt. Well, the conclusion of the Board was to go for the big

offering, which really gave COMSAT....I've been told by Mr. Metzger, whether he told you or not, that when Dr. Charyk and he spent a good deal of time discussing his alternatives, as was natural, he, in effect, said to Dr. Charyk, "Well Joe, your synchronous will cost so much,"--I won't give you the figures, they are in record--"and it may go and it may not go. We may have problems, but you will have put on the line about a third of what you're--perhaps much less--maybe a tenth of what the random or so-called random system would cost, because for the synchronous you will have a launch cost and you'll have one satellite. With the others, you won't be able to test the feasibility or workability without putting....not only launching three and having three in orbit." So that I think perhaps that showed the--let's say the simple wisdom--but the way in which Metzger sort of analyzed the problem down to its basics. At any rate, that was what they decided to do. The other....and that was a terribly interesting and challenging problem, I think probably decided properly, but no one ever knows. At any rate it worked and that's the test. The other problem--which never surfaced particularly, in so far as I know, in the press--was the question as to the form that international communication should take, or rather the kind of ownership or participation in ownership, that COMSAT would have in the international communication field. Would COMSAT be the owner and operator of this ball in the air and its related

facilities on earth, or would other communications entities come into the picture? And if so, would their participation and ownership be based on use or not? If that happened, would COMSAT's ownership or ratio of ownership diminish as the participation [of others increased;] as international communication by satellite became more and more utilized? Well, negotiations went on, looking toward a--what ultimately came to be the fact--an internationally owned or consortium of communications entities, which of course, except for the US, were direct or indirectly owned by the foreign countries. There may have been--I can't recall--there may have been one or two prospective international carriers who were not government owned, I think. Take Britain for example....perhaps Canada. Again, I am not sure. The British Post Office, of course, was [government owned]. So, you had the communication both on the governmental level with the other countries, and on the communications level, as to what--on what basis they would go forward. With us, there was a little....there was also, of course, very close communication with the State Department. But when we got to that stage, that was the sort of thing that Mr. Johnson--properly enough--was primarily concerned with. I am not sure that Johnny [Johnson] had come into the picture when this happened, and it wisely got no publicity at the time. I don't know, there must be a minute of a Board meeting, which was held at the Madison Hotel on the morning of the day

when the foreign governments and the foreign carriers were to sign the documents that would set up what was the interim--what was really a temporary interim telecommunications--interim satellite--INTELSAT. But now it's international, but then there was....a first interim organization, going with the history, that it took them then, years do develop a permanent organization (and that's another story because most of that happened after I left). But, I still recall being called on by Mr. Welch to get together this Board meeting, because they had been hassled and hassled in the Board, and get in touch with one of our Directors who was down in--I can't think of his name now, he was down in Long Island; another [was] in Florida--and they had to come for the Board meeting that Wednesday morning I believe it was, because the signing was to occur with all this ceremony in the afternoon. The big issue which had plagued the Board was whether this COMSAT should, you might say, surrender a portion of this potential monopoly which it had in this scientific knowledge area--it was way ahead of everybody else--and let the rest of the world in, or whether we should do it ourselves. Because it was quite understandable that if you let the others in and then you had to keep it open and, sooner or later, as it did develop, COMSAT would be a minority participant in the international group; although a big, probably the biggest single participant. Well, the Director who was most opposed to the international set-up--that had been

pretty well set-up, and the documents were all set--was David Kennedy, who was then head of Continental Illinois. It was then in better shape than it is now, thank God. He was a very effective and hard-headed banker and businessman and he just thought it was a terrible mistake for COMSAT not to take over.

TMS: What was his reasoning, do you recall?

AT: We were going to be outvoted ultimately and outmaneuvered and all kinds of dire things could happen if we became a minority holder in a group which--in the technology and operation, in which we were the pioneer--in which our own government spent millions. So, the Board debated that Wednesday morning as to whether COMSAT--I don't think this story has ever surfaced--it was really an exciting morning, because it wasn't quite sure how some of the Directors would feel about this when chips were down. It could have been awful too, because the meeting was....the ceremonies were all set for 12:00 or 1:00 o'clock. If there are any minutes, there must be, there must have been. Have you gone through Board Minutes?

TMS: No, I have not yet.

AT: Oh, you must do that, because [inaudible]. If I can be any of help when you do, let me know, because probably they.

would refresh my recollection. I thought I had a set of them and they may be up in little office I have up there at Spring Valley. It's really a little warehouse; I couldn't put all my stuff in the apartment here that I had. But that was an exciting morning and meeting. I will never forget the....and of course, Mr. Kennedy was outvoted, but it wasn't at all certain that he would be, because we had some great....

TMS: Who was Mr. Kennedy's primary opponent in the debate? In other words, who led the argument for the interim arrangements?

AT: Oh, I suppose....well, certainly Mr. Welch and Dr. Charyk would.

TMS: And their arguments were what? Do you recall? It seems like Kennedy had compelling reasons, from a business perspective, to oppose these arrangements. What did Charyk and Welch say?

AT: Well, I can't give you....I can only say....in substance, it takes two to tango. We might have the best technical facility in the world, but it wasn't....remember, we were in competition with cable and no one was certain as to whether the feasibility of this thing. We are going to have to....talk about competition, the competition then was not what it is

now--prospective competition--it was with cable. In fact, that what was one of our problems, because AT&T gave up plans for another cable. We weren't even communicating by, I guess, cable with the Far East. We were with Hawaii, although during the war, we had only radio communications with Hawaii. But there were a lot of uncertainties here and, on the other hand....I guess [if] I [had to] put my finger on [it], I would say the argument was, "If we're going to deal with international communication, we've got to have....we can't have the other people say, 'Well, thank you very much but we would rather put our money where they were certain [it would] be safe and not go in for this fantastic venture that you think may work and may not work.'" I think that was right, I think Kennedy was....[Tape Ends]

AT: Since this is recorded, I think it would be helpful to see it. I'm not saying....I perfectly....I am not ashamed of anything I have told you, but there maybe things that I could add or should subtract. I don't know how you plan to do that.

TMS: Well, we will be doing follow-up interviews, I hope, with everybody as each conversation suggests more issues and it gives people a chance to think.

AT: I think on this last point....issue that....well, I am not

sure whether....again, the timing is not clear to me. It would be if I went back and looked at the old minutes. I have a feeling that Johnson may not have been aboard at the time. Again, I should have read this before we got together and it would have refreshed my....is that the timing is just when that international....but the meeting at the Madison Hotel on the morning of the day of the sign-up of the international--there were two sets, you see, there was an agreement between the governments and an agreement between the carriers. Now, I don't know where you want to go from there.

TMS: No, I'd like to step back for a moment.

AT: You have ask some questions now because I have talked too much.

TMS: The one thing that did strike me, when I was listening to you [which] was of particularly interest to me was the FCC's authorized user ruling. I've read some of the stuff on that. I was wondering if you could go back and kind of give an insider's view of COMSAT's perspective on that particular encounter with the FCC; as you recall, what COMSAT's reasoning was in approaching the FCC and in opposing the authorized user ruling?

AT: Well, I'll have to admit that--although I probably spent as much time on that problem in the first year or two as on anything--the best....I couldn't be very specific about it without going to the briefs. If you look at those you will get our thoughts and there were plenty of them. We wrote and wrote and wrote stuff. Let me preface this with one thing. My impression is--and you would know better than this and I could find out or any of us could--is that the law, at sometime between that time and more recent times, has been broadened with respect to the persons to whom COMSAT could provide service. It must have been. Now whether that's been done specifically or by change in viewpoint of the FCC or both, I don't know, because I haven't been close enough to the picture. Because when you get....I'm digressing again. It almost makes me laugh when I read about COMSAT's, with its present problems with SBS--in the Satellite Business Systems program--and Satellite Television Corporation, in which it's going into housetop television. You know that would have been, well not only....it'd have been unthinkable [in the early years]. They were starting because the statute itself said that we should provide service [to] authorized users. The carriers, of course--and after all, they had a hundred million dollars in the picture. While there was a conflict of interest, it seemed pretty clear do them at any rate--and I must say the legislative history, I think, supported them

considerably--that COMSAT would be a wholesaler to the carriers; except possibly with the government. I think the FCC and the carriers said, "Well, if you want to deal directly with the Defense Department," as we did, and there were never any great fracas. We have perhaps purely felt we had to go for all the--we at COMSAT--we had to make the best case we could for providing whatever service we could to whomever would take it. We were confident the carriers would take care of themselves as best they could. But it was....perhaps that was one of the....again, I really think you should [look at and see]...how much you can glean from the minutes--not that they misrepresented anything--they told the result. But, there were Board meetings on this issue. [I will] try to come back to your question. When the....there were three AT&T Directors, two from IT&T, and one--the rest really were RCA. But, I've forgotten....I think they would actually withdraw from the meeting, because it was a recognized conflict [of interest] and that was a problem because it really put the....but the....I guess that, and frankly I've forgotten just how the question came up before the FCC at the time, because I--it's almost twenty years ago. But we felt we ought to have the--if we had it--well, say you had an IBM had wanted to put in a communications system, perhaps not with public, but just for its own service. [It would have been a] tremendous opportunity; they wouldn't need AT&T. Might be their own--what

SBS was proposing to do today. There was no reason, as we saw it, why we shouldn't make it, [and] try to do the best we could for the prospective stockholders. The argument was that you could say authorized user meant users authorized by the FCC and they could be anybody, there was nothing to indicate it had to be [a carrier]. So, that was the issue. There was no legislative history on it, it was just a wonderful area for argument among the lawyers and the financial people. What my task, more than anything else was, well, really two-fold: one to make--and this was [done], again, I suppose by Larry DeVore and the fellows--there were one or two--working with him on the briefs in the matter. We all pitched in on them, but the problem I was faced with as much as anything else, was to be sure that our record of decision was such that we could not be charged with--whichever way we went--of being overly influenced by the interests of the carriers. They were equally....I might say that if you want to pick one of the early outsiders who gets a great deal of credit, I think, among the carriers for COMSAT's set up and operation was Horace Moulton.

TMS: General Counsel at AT&T.

AT: He was and I think he is still living. He is retired and he lives on Staten Island. That's quite an interesting background to that. I won't go back to when or how. He was

council for New England Tele and Tele, because of some ancient history involving the old Associated Gas system. I came to know Moulton when he was then a partner in a small firm in Boston. So that was a considerable advantage from my personal standpoint, because he was a very able, but very honest, very straight-forward [man] and he and I could sit down and talk man to man without fear of being....of misrepresentation. He was a tremendous help when it came to the--this is an entirely different subject--came to the allocation of subscriptions for a stock by the carriers, which is a whole story in itself; no one had ever seemed to think of it. One, what was going to happen if the carriers didn't subscribe for half the stock; and two, what would happen if they oversubscribed and how you would allocate? Would it all go to AT&T [inaudible]? That's for another day, when you are not busy. But, basically it was all very simple. We wanted to get all the business we could and there was no point of letting AT&T or anybody else clip off part of the profit that we could sell directly, and that's simple--from anything I would stand for. But, what lawyers argued that you could dream up which is another matter.

It was really good fun--great fun. I wouldn't not have given it up for anything. I was, needless to say....I wasn't bitter; I was saddened and disappointed when they decided they should adopt a retirement plan. I had--stupidly I suppose, from my standpoint--not even thought of that when I came down.

I had some other alternatives, but I was a little....I never expressed very much because at the time--after all, that was corporate policy--and I didn't feel that I should be made a special case. I should've had the foresight when I came down. I'd like to have stayed on at least for another two or three years and seen some things through. But, as a matter of fact, Horace Moulton, I suppose, was one of the principle advocates of the pension program and retirement program. In the long run that was wise, but I don't know that it had set it at age sixty-five. I'd been happy if they had made in seventy, which was perfectly possible today, but at that time it was not as urged.

TMS: Well, you raised an interesting point and one that I have brought up with other interviewees and one that I am interesting in exploring, because many other experts have explored in their own writings about COMSAT and about telecommunications and that is the relationship and the potential influence that the carriers had with and on COMSAT. You said that in the authorized users case--in that entire docket as it developed with the FCC--one of your principle concerns was to make sure that COMSAT would not be guilty of having been influenced by the carriers.

AT: And I must say, the carriers and their counsel, such as

Moulton and the ITT Director Westfield [sic-Westfall], I think was his name. Ted Westfield [sic], I think. And the RCA man Hawkins, he was....Hawkins was a counsel and they were equally interested--obviously they wanted to the best thing they could with their client--you couldn't blame them. But the Board's position was--and their [the carriers] position on the Board was, "Well this is a matter, we got a conflict here, so you fellows [the non-carrier Board members] decide." Perhaps one of the men who was most....I still remember among the Presidential Directors....what was he, the head of--I don't think he was retired by that time--General Motors.

TMS: Donner, Fred Donner.

AT: Donner, yes. He was very articulate and really very helpful, but he was perhaps the most influential of the Presidential Directors--initial President Directors. I don't....of course, there's....I've forgotten who wrote some article; I thought it was pretty sloppy, I thought. There was a good deal of discussion and writing, as I recall it, about the input of the carriers during the period when the legislation was in [the] process of being adopted. Of course, at that time, I only read about it in the papers, because I had no reason to think I would ever have anything to do with it. It's certainly probably true that....I mean they felt--you can

understand the view of this--after all, AT&T and RCA--Sid Metzger had been--at RCA--and they had....what was the one they had?

TMS: Relay.

AT: Yes, Relay. I think those were synchronous. No?

TMS: They were the random medium orbit satellites.

AT: I mean TELSTAR got all the flaming publicity, but....the research of RCA and Princeton, I know it from Sid, because I talked to him. They were as far advanced, at any rate. They had spent millions in the government end in this research and this was a carrier field and there was....so the big fight, of course, I was part of it--they shouldn't be permitted to go ahead set operate and own [the satellites]--I'm sure they would have been delighted to do it. But, then you see, another thing they--let's see....they were not permitted to put in their rate base--[in the] first place [they] split the ownership of this stock and these compromises really, in retrospect, are sort of ridiculous. But it was a way to get the show on the road and they went along with it. But of course, it pretty soon developed....they weren't permitted to put the cost of the stock in the rate base and that didn't make it a very

attractive long-term investment. I suppose they had hopes that that might get changed, but it didn't. And it soon developed that in so many areas it was going to be a conflict of interest, that wisely enough AT&T and then the others gradually sold their holding[s]. I suppose....well, I guess there is still some carrier holdings among the small carriers, but they don't amount to anything, as I understand. But, so far as that controversy as to carrier domination etc., etc, or influence, I think it is focused primarily on the events leading up to the establishment of COMSAT. I may be wrong, you've been looking at that area. Do you have any specifics in mind in which it is....it was charged or suggested that the carriers exerted undue influence on COMSAT's early operations?

TMS: Not on the early operations, more on the formation.

AT: Well, I say that is before my time.

TMS: Surely, but during the early operation, it has simply been suggested--the argument usually runs something like this in print: that half of the directors were carrier officials?

AT: That's not true in the first place, of course, because it was only two-thirds of them.

TMS: Right, Okay. The six of the fifteen.

AT: Yes.

TMS: That how could being officers in companies that represented competing technology--that his cables as opposed to satellites--how could they not support their own companies to the detriment of COMSAT and to the detriment of satellite communications, which these authors portray as far and away the more efficient, the higher quality, the cheaper, telecommunications technology?

AT: But you see that all assumes that the satellite program would work. Right now, AT&T, they are putting in--as I understand it, they are putting another cable with laser communication--and maybe it will beat out COMSAT. I don't know. I notice a lot of your material goes to competition. Well, I think you've got a--and I really think that you ought pursue for the sake of history--of which I modestly am very proud as to the way in which....the perfectly good understanding between Moulton and myself and the other carrier counsel; we were fully conscience of this problem. They had theirs and we had ours, but I think you will find the record is--I won't say spotless--but pretty damn good, as to the lack of undue influence of the carriers in the decisions. In fact,

much of it went against them. We did the best we could, perhaps overly zealously, so we couldn't be accused of being dominated.

TMS: That may be weakness of some of the criticisms--that is to say that most of these people are operating on the outside, and haven't really been into position to ask Horace Moulton or yourself, you know, just what was the working relationship. How cordial was it?

AT: It was cordial enough.

TMS: How upright?

AT: Of course, if you had been in the law business as long as he [or] I had, you can represent clients with competing interests and not go at each other throats--personally or any other way. You had your arguments, but the area in which there came to be perhaps more conflict--although there's less publicity about it, than in the satellite ownership and operation--was in the earth station ownership program, which was becoming very pronounced just about the time I was leaving. And as I say, Dr. Charyk....oh, we had a lot of meetings, and the last year as I recall it....again, I would have to go back the record, but [these meetings concerned] the

working out of what was ultimately established--I believe most of earth stations. At times, [inaudible] are jointly owned by the carrier bringing....communicating with that service. We started, of course, just with Andover, which was the...had been the....and that was understandable, it was the only earth station....well, I don't know whether RCA had one or not. It had been the....it was not the proper form of antenna for, as I recall it, any....quite understandably, you had to have a elaborate operation for a moving satellite to keep focused on the--or pointed at the satellite as it--during....the antenna pointed at the satellite [as it] moved, which was....well, that's why you had to have the antenna for the synchronous [satellite] movable. It was a very different kind of delicate adjustment if the satellite wandered a bit or whatever.Oh, of course, there was another whole area of early communication [i.e.] programming and that was with NASA on the launch program, and the costs, and how they would be born. Insurance was one our first problems on the first launch and the insurance problem was quite interesting. I should recall the name of the agent we talked with a great deal and I think he may still be in the picture, but again that's the sort of thing....I think Lou Meyer would have better recollection than I would if we went back to the records.

TMS: Can you recall a particular anecdote--I don't want to

give this up--because I've run across it so often. Can you recall an incident in which, in meeting with Ted Westfall or Horace Moulton or....

AT: Westfall.

TMS:any of the carrier representatives, that would illustrate the kind of cooperation, the kind of relationship that they had? You said that you met with Moulton a number of times during the course of the authorized user controversy. I am sure that there were other instances as well, in which you dealt quite closely with these gentlemen. Can you recall?

AT: I don't know off hand in the user question. Let me....this was hardly a conflict between COMSAT and the carriers, but it was an interesting problem and I don't whether this would....I will think about that other problem. I am not trying to hide anything, I just don't think....I know, generally our approach. I'll just make a note of it I may remember it. But, I will mention one thing. I suppose....I am trying to think of whether in the....when it came to this international type of organization--not necessarily international--that was a whole issue of ownership of the international communication system. My impression or recollection--I may be wrong--is that the carriers were

disposed to favor an international organization and that is probably understandable, because they wanted the thing to go and they wanted to communicate with] the rest of the world and they'd worked with....well, AT&T's worked with the British Post Office and the French (I have forgotten the name of it) over the years, and they came to trust each other. As a matter of fact, there came to be a very close relationship; one of Sid Metzger's greatest friends was the fellow from the British Post Office in charge of their communications. But I think the carriers on that point probably--I don't know if it was self interest or not--but I think they felt the feasibility of the thing depended on bringing in the international communications organizations.

A rather interesting problem--which, I must say Horace Moulton and I did and has probably worked out. But it's an illustration of how we had to deal with these problems. If you come to the....I think I happened to see it in here. When we came to the stock offering, we realized that the public....of course, if you ever saw the list of underwriters, it's probably the biggest set of underwriters--three hundred or something--going on for page after page which were all done through Merrill Lynch and their....they had figured they had the biggest [inaudible] organization in the country. Because you had to give....remember the statute said [you had to give]

the wide as possible distribution, so we set up this....anybody who wanted at fifty dollars to put up for shares [of] stock--it was twenty dollars a share; you could buy three shares--had to be given priority. And not over a hundred if somebody else wanted some. It was really a fantastic....to someone who had worked with public financing and security sales in the underwriting agreements, they were fascinating. David Malamed was terrific in that area, and so were the Cutler firm. But, one of our problems--it must be described here [Here Throop is referring to some reference material]--was with the carrier situation. You may recall, the statute said that half the stock would be owned by the carriers. Well that's fine, but we came to this offering, and no one was....I suppose the carriers didn't come across with the one hundred million out of the two hundred million. Here it is....[Throop finds citation in reference material's index]....carrier subscription matters. That was a problem, which was important to all of us. So....as to resources, everybody knew that AT&T could put up....buy the whole damn carrier participation if necessary. On the other hand....and this all had to get an FCC approval. You had to give everybody else a chance also, and this all had to be worked out in advance of going to [the public]; of even making the public offering. So Horace [Moulton] and I had largely worked out this scheme. Remember, you had five million shares at twenty dollars a share--it was a one hundred million

dollars--and five million was going to the public. The total was ten, but five was going to the carriers. [Throop quotes from reference material] "You then determine the number of shares subscribed for by all authorized carriers exceeds the number of shares--five million--reserved for the offering to such carriers, the reserved shares will be allocated among the subscribing carriers on the following basis:" (with adjustment for odd amounts and so on) "(1). If there are two or more subscriptions, each for more than fifty percent of the reserved shares," for then you will have an over subscription. But each had to be for more than fifty. "Each set subscribers shall be--subscription shall be reduced to fifty percent." So, that meant if AT&T and ITT put in for sixty percent--I think AT&T did--their concern was they wouldn't subscribe for enough. They really wanted the thing to go. But, we know it didn't....they were really underwriting. And the question....Horace....of course, I never went with them to as how much you were going to subscribe for. He may have told me. Well, they hoped that would be enough; it was. Well, then, "If there is a single subscription for more than fifty percent...." which is what happened--but no one knew whether it was going to happen--then this thing came up. "....of the reserve shares, said subscription shall be reduced until it equals fifty percent," which was what happened. "....the reserve shares or until the amount of the subscription is

eliminated, whichever occurs first" (I don't quite understand that last clause, it doesn't matter). Well, AT&T over-subscribed and so they came back to fifty, but we didn't know what was going to happen. "If no subscription is more than fifty percent or if an over-subscription remains after reduction, in as such as prescribed in paragraph D, then all subscribers for more than five thousand shares, including the remainder of any subscription reduced so, shall be reduced prorata on the basis of the amount," so and so and so and so. Well, without getting into the details, we had to think of a program which would, as a practical matter...hopefully, of course, we knew what would...bear in mind, they didn't come in....it would have been simple if the statute had....if we could have sold to the carriers first, and then gone to the public, but that wasn't the way it was set up. We couldn't sell to the carriers any shares unless we sold at least the same amount to the public, so we were stymied on getting the carriers in first and so on.

TMS: What was COMSAT's interest in this particular, I mean, Moulton....

AT: I'd say there wasn't a conflict, it was a question....well, COMSAT's interest was in having the public offering [be] successful and the public offering couldn't go

unless we got one hundred million dollars from the carriers. So, that was our interest and AT&T was interested. They were equally interested in it going and I suppose were interested in--at that time at least--in the biggest possible investment. Although, I was never sure about that, they may have felt they had a bear by the tail and [they] had to go through with it. But, I mention it only has an illustration of collaboration, you might say, in working out something which was, I suppose, there was no conflict between us. But it was working out a practical procedure, which really in effect said, "Let the little"--there were a lot of little carriers, they wanted to cut them out; AT&T [did]. Actually that was one of the funny things--I digress a minute--[about] the closing. [When] we got to the closing, everything was ready up in the big [meeting room]--I've forgotten which [bank it was in], I guess it was Manufacturers Hanover--some big meeting room in New York. The underwriters were there, they had everything ready to go and all carriers were there, and we had their subscription and their checks [were] about to come in. But one littler carrier had not shown yet. (I've forgotten, some [inaudible] littler carrier up in Waterlou, New York, or somewhere. Because we had to solicit all the carriers all over the country. And there were a number of little telephone companies more than there are now--more you'd ever realize.) Well, no one showed. So we checked with this home [office and they said,] "Oh, yes he's in

New York. He's there." So, well, [it was a] long story. [We asked,] "Where is he staying?" So we finally tracked him down. We finally got him--somebody did, I didn't, personally--and he said, "Oh, yes, yeah. I just finished breakfast. Yeah, I'll be down a little later." [He was] just utterly uninformed as to the need for everything to happen you know, simultaneously, the way they do in these two hundred million dollar closings. So we paid his taxi fare and got him down there as fast as we could, it was very funny.

But, I suppose the....well, the authorized user case....but, I think when it came to the earth stations, there we were negotiating directly with the carriers--with our own carriers--as to how best to handle earth station ownership, because that was early access. That was something....it came along, as I recall--the time I was along toward the end of my era--and it was a sort of thing Joe Charyk put on very directly; I worked with him. He, when it comes to that kind of problem--reconciling different views--he's probably one of the real artists. He's not only a great scientist, but a great negotiator. So that was pretty much done with him. As I say, my recollection is....there wasn't too much, you see....the first launch was....let's see, I suppose it must have been....was Early Bird [was in] '65

TMS: '65.

AT: Yes. That, of course....if you put one television program, even though--and it was squinted....you call this launch technology two hundred and forty circuits. If you squint it so that it was just a northern hemisphere. You had to cut off everything else to get one picture through. The earth station....Andover was the earth station and then I think....well, then we had one on the Pacific coast and one in Hawaii and we were negotiating--I did make two trips to Hawaii in connection with the....but that was....I think that is....I think that earth station was owned and that was out in Paumalu. It was then a cow pasture on the northeast corner of the Island. That was a fascinating project but.... That [the Paumalu Earth Station] I think is owned entirely by COMSAT. Joe told me the other day that they, at COMSAT, had made the mistake of leasing an area--a portion of the area to RCA for its antenna. So I guess it has been a....That was, you see General....Hawaiian Electric or Hawaiian Telephone was a part--it was not a part of the AT&T system--that was a part of General Tele. I don't recall much of a problem on that ownership. Of course, when I was concerned with it, they were just buying the land and getting started. The station didn't get built until....but we weren't even communicating; that was in prospective--in prospect of utilization. It wasn't obviously not even [in] operation; not even constructed when I

left. I don't know what else I can tell you that you would like to know?

TMS: Well, why don't we proceed to some of the general questions that I raised about COMSAT?

AT: Most of these I am afraid I can't deal with. The competition problem wasn't serious with us.

TMS: Well, you have marked a couple. One of them is the internal and external factors you think most greatly promoted COMSAT's success, in your opinion that is.

AT: I don't quite know what you mean by internal as against external. I suppose what most promoted COMSAT's success was the success of the technology. Perhaps in that connection, the selection of the....no one knows what would have happened with the random system. Certainly the costs....this is sort of thing Sid Metzger would have the answer to in a jiffy, but I think the cost per circuit of the random system would have been fantastic compared with the cost of the synchronous system. So I would think that was one of the principle external factors. Internal factors, I don't know. What do you mean?

TMS: Such as the personalities in involved?

AT; Well, of course, to my mind on the technical side....certainly internally, Joe Charyk and Sid Metzger and Sig Reiger, (whom [is] no longer with us).... well, the marketing....the group that got out and....what was the General....George, I know his first name....

TMS: Sampson.

AT: Sampson, yes. I think he had a great deal to do with the practical aspect of marketing, etc. He had some fine [assistants]--Wood or Woods, who died recently, a few months ago--Bill Woods--and George Lawler; those fellows were really great. I think from a purely....I think, certainly the Cutler Firms gets....well, they were practically internal--added a great deal to the program. I think the quality--leaving out yours truly--but I think the quality of the personnel, not only legal, but otherwise, was unusually high.

Charyk, of course, had....well, there were the two aspects....there were the....I don't know how to put this. Let's say there is the launching and orbiting problem and there is the electronic communications problem. I can best just think of them rather clumsily. In the two aspects of Reiger, who had, after all, had experience during the war over on the other side of the ocean in the launch vehicle area. After the

war, he came over and the U.S. Air Force got him up; I guess he no great sympathy with Hitler program. Perhaps as a demonstration of....he was really a genius. You know, they lost one of their--lost in the sense of lost track of--I think it was the second, the first satellite for the second series. No one knew what [happened]. It certainly disappeared. It was on the launch, because the engine that was suppose to activate [it and] take it into orbit--they had a name for that engine--apparently it did not function. They wondered what happened to it and so on. Well Reiger apparently--so I am told--said, "Just let me--just let me alone for a half of day or less." He came up with the appropriate formula: if this happened, this [would] happen, [and then] this [would] happen. This was earlier, of course. [inaudible] not visually, but electronically.

On the other hand, when it came to the....and so you had that group [led by Reiger]. [There was also] the technical group under Sid [Metzger], although nominally Reiger was in charge of of all the technical group and Sig Metzger was more a chief scientist, I think we called him for a long time. If you have talked with him, I think you would understand that his forte was probably not in heading a group, but in [being] the scholar that he is--in teaching and getting other people enlightened. But, I think the personnel--the quality of the personnel--obviously internally [was top quality]. The set up

was, I think, while initially the half interest of the carriers financially, I think it probably helped, because we did have some sympathetic and technical support from persons like not only a Moulton, but Dingman. He, of course, had been the top man for AT&T. You felt you were on some sound ground when it came to operating technology and so on. Dingman and Botkin was with him. They were, in my judgment, a real asset--despite the conflicts [of interest], which was recognized in the user question. But they, having put a hundred million dollars in the picture--I suppose it wasn't much for AT&T--but they wanted the thing to go, at least to the point of getting off the ground and functioning. I think they willing to take their chances at competition; these were the cable. There was some....[inaudible]....it was to their interest to scotch the whole business, if you are going to take away their cable business. I guess they figured there was enough to go around and, of course, at the time, I think....they probably looked on satellite communication maybe as something of a luxurious experiment even after....and they were willing to gamble on it if the public was and the government was. But I don't suppose that they foresaw the volume of traffic that's carried today. I think they looked on it as satellite supplementing cable, or visa versa (otherwise they might not have been so eager for it). But I think on the whole, their participation was helpful. I think it didn't prove to be a handicap, but it

could have been. It was almost something of a....it was a miracle and certainly [it was, if] I may say so, pretty stupid for Congress--it was stupid of Congress to say, "Here is this corporation that's going to do this fantastic program." But how they expected the corporation to function for the first year or eighteen months--[you] don't know how long it would take to make the studies of the necessary etc., etc., before you could.[tape ends]

TMS: Proceed.

AT: Well, I think that if one is talking persons--I have mentioned and dwelt somewhat greatly on Sam Harris. But I think he....it was a real public service done by the Incorporators during the--until such time as they were Directors--not all of them became Directors and that was a little problem. I wouldn't say much of a problem, after all, there were fifteen of them and only six could be nominated for the Public Directors. But, those men during that first year, met at least, for many of them, I am sure a day a month--for meetings--to say nothing of the material and the data they were confronted with. I've forgotten [but] the record will show whether there was any compensation of them other than their expenses. I don't believe there was. Leaving out, of course, Welch and Charyk who were getting paid for their full-time

[work]. But, you had people like, as I mentioned him, from Continental, Illinois--Kennedy--who was a busy man. Leaving out the Directors--we haven't got to the Directors--I am talking about the period of the Incorporators. When there were not carrier personnel, you had....Bruce Sundlun who had a great deal to do with, in getting....I think he was the one who found the Tregaron place at the offset. He could tell you much more about [that] and I don't whether you've talked with him, but I am sure you will if you haven't. But those men--and I guess there were no women so I can say men, otherwise I would have to say persons--were really quite dedicated to a public service.

Johnny Johnson is a fellow I should certainly include among the great contributors to....but Johnny was so able. Of course, he became head of the temporary--you might say the interim group--to start with. His secretary was quite--she was fortunately Maya Geck--we know her very well. And I must say, we had a wonderful secretarial staff, including my beloved Toni Lumus. But, we were all sort of fired with enthusiasm. But, the Directors deserve a great deal of credit for their time and effort--I mean the Incorporators--as well as when they became Directors. Then they got....even then, their compensation was minimal compared to the demands that were made of them.

TMS: Let me ask you a quick question, because it's a fascinating kind of sidelight. Whose idea was it for each of

the Incorporators to chip in one hundred dollars out of their own pocket?

AT: I think it was....I am not sure whether it was a requirement of the....I really don't know. That had happened before my time, you see. I will tell you who [might know]--Lloyd Cutler might [know]. A fellow who was really closer....there were two men, I mentioned Cutler. But Hornblower--Whistle we called him--because of his last name--Whistle Hornblower--was really a tremendous contributor from the legal side. I couldn't have done what I did [if it had not been for them]--I was not a D.C. lawyer--but it was more than that. Whistle and Lloyd Cutler and then when it came to....oh, another thing, of course, that was interesting--even before I left--was quarters. As soon as we had one quarters, they became two small. At Tragaron, within the first year, they got the...."Oh, this was going to meet COMSAT's needs," [It was] a little building, a little brick building they were just constructing--I think it was three stories--down on the corner of probably 21st and L, or 20th, right in there. The record will show and that was where the technical people were going to be. No, we were all going to be there. Well, of course, by the time that was ready to move into, it was inadequate. So that....we were going to have the technical people there. Then, we got the space--three floors or two

floors--[on] the opposite [side] on L street. That was ample enough for all needs. We got an option on the third floor and I think later they cancelled. While that was going on, it came apparent that we still [needed more room]....so then, what was his name? Casada came along and I haven't even gone into this--the housing problem--is of course, partly a legal problem. But the man who was most helpful in that, from the reason that I came to [inaudible] Cutler Firm was Charlie Glover. Who still is a partner there and who--if you've ever heard of Archibald Glover Park--well that's the Gloyer family. In fact, the Glover family owned this whole damn area across the street, that has now developed into a rather excellent housing facility; the best of most of them. But, then Casada came along with this whole L'Enfant Plaza program and so we rented--we signed a lease for the L'Enfant Plaza South and I still remember working on that lease and the drawings and so on. Casada had a model of what this is going be like. All this was fascinating, see? But, as I say....we went to L street in '64, I guess. That was a new building. Yet, even before I left, at the end of early '67, we'd pretty well....I think they had abandoned the....we had a short lease on that little space over on 21st street. But we were already recognizing that we had to have the L'Enfant Plaza space.

But, as to the Incorporator's hundred dollars, I am not sure whether there is a D.C. corporation law requirement that a

Director be a stockholder. There may or may not be I don't know, I couldn't look it up or Lloyd [could tell you]....but, that was a fait accomplis when I came down. I think there was a feeling that....and of course it was fourteen hundred, because I guess Graham probably died before they got to that stage. I don't know. But Sam Harris was perhaps....oh, the time he spent on this was fantastic for which he never--his firm as far as I know never got a penny out of it--and Sam got only the most modest Director compensation. Well, he did not get on the initial Board. I think that was deliberate on his part. Nothing, no animosity. That was the problem we had out of fifteen, well, out of the fourteen Incorporators....I think we had about seven or eight who were--and I won't go into that, I would have to go back and look at the record--who were interested in serving as Directors. How the six were picked, of course, that was a....bear in mind, we had cumulative voting and the by-laws provided that any stockholder could nominate a Director, so before we....and I would have to go back to the--that's why this literature is so interesting on the corporate history. I would like to go back and look at it again [and] come down and do it, if you ever get it together. I love to do it that might prompts some recollections on my part. But, the....I'm shifting to the first annual meeting. We had a real....first, before the meeting came, we had to send out to....after the stock was sold. Every stockholder had to

send in your nominations for Directors. Of course, we got about twelve, thirteen, in addition to those whom...we couldn't just pick the new Board. We didn't have any. Well, we had one, but we had one they were in office only until the stockholders voted. As I say, there was one nominee from a little outfit, [a] man in Ohio and he was, well, you know, he was a reasonably intelligent fellow. I think he may have been interested in the telephone company. [He was] probably not in a company, but he was knowledgeable. He was very serious. We had cumulative voting and we had about fifteen of the six--a dozen to fifteen candidates and we didn't have all the electronic processing technique that they have now. Whenever it was, it took three days to count the vote for the stockholder's meeting. We knew what the outcome was. You could tell, but we didn't have any final figures for three days. That was when they were working up at the Wardman Park. The boys were working all night for two nights getting data together. It's a fascinating story of that first meeting and if you don't have the minutes--and they will tell you only part of it--I would love to read them again.

But, David Malamed, I think, deserves a great credit too. He was the picture longer than I was. I think David was, well, I think he was quite disappointed that when we came to an Assistant General Counsel, I picked Bill Berman instead of David, but, that's the rub of the green. I just felt David was

a brilliant fellow, but very reserved--almost too much. He was awfully able. He was a Godsend to me, especially in the early days. It was....so much for that. If you have some further questions, let me know and I'll think over what we have covered.